



OHIO AUDITOR OF STATE  
**KEITH FABER**





# OHIO AUDITOR OF STATE KEITH FABER



PO Box 828  
Athens, Ohio 45701  
(740) 594-3300 or (800) 441-1389  
SoutheastRegion@ohioauditor.gov

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Morgan-Meigsville Rural Water District  
Morgan County  
P.O. Box 456  
McConnelsville, Ohio 43756

We have performed the procedures enumerated below on the Morgan-Meigsville Rural Water District's, Morgan County, Ohio (the District), receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2020 and 2019 and certain compliance requirements related to those transactions and balances, included in the information provided to us by the management of the District. The District is responsible for the receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2020 and 2019 and certain compliance requirements related to these transactions and balances included in the information provided to us by the District.

The Board of Trustees and the management of the District have agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of providing assistance in the evaluation of the District's receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2020 and 2019, and certain compliance requirements related to these transactions and balances. No other party acknowledged the appropriateness of the procedures. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of the report and may not meet the needs of all users of the report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. The sufficiency of the procedures is solely the responsibility of the parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

For the purposes of performing these procedures, this report only describes exceptions exceeding \$10.

The procedures and the associated findings are as follows:

### Cash

1. We recalculated the December 31, 2020 and December 31, 2019 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2019 beginning fund balance recorded in the Business Cash Flow Report to the December 31, 2018 balance in documentation in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2020 beginning fund balance recorded in the Business Cash Flow Report to the December 31, 2019 balances in the Business Cash Flow Report. We found no exceptions.

### **Cash (Continued)**

3. We agreed the totals per the bank reconciliations to the total of the December 31, 2020 and 2019 cash balances reported in the Business Cash Flow Report and the financial statements filed by the District in the Hinkle System. The amounts agreed.
4. We confirmed the December 31, 2020 bank account balances with the District's financial institution. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2020 bank reconciliation without exception.
5. We selected all reconciling debits (such as outstanding checks) from the December 31, 2020 bank reconciliation:
  - a. We traced each debit to the subsequent January bank statement. We found no exceptions.
  - b. We traced the amounts and dates to the check register, and determined the debits were dated prior to December 31. There were no exceptions.

### **Other Confirmable Cash Receipts**

We confirmed the individual amounts paid from Morgan County to Perry Reclaiming, Inc. on behalf of the District during 2019 with Morgan County. We found no exceptions.

- a. We inspected the HINKLE filing to determine whether these receipts were allocated to the proper fund. We found no exceptions.
- b. We inspected the HINKLE filing to determine whether the receipts were recorded in the proper year. We found no exceptions.

### **Charges for Services**

1. We selected 10 water collection cash receipts from the year ended December 31, 2020 and 10 water collection cash receipts from the year ended 2019 recorded in the Daily Cash Receipts Journal and:
  - a. Agreed the receipt amount per the Daily Cash Receipts Journal to the amount recorded to the customer's account in the Billing Balance Journal. The amounts agreed.
  - b. Amount charged for the related billing period:
    - i. Agreed with the debit to accounts receivable in the Billing Balance Journal for the billing period. We found no exceptions.
    - ii. Complied with rates in force during the audit period multiplied by the consumption amount recorded for the billing period. We found no exceptions.
  - c. Receipt was posted to the proper fund, and was recorded in the year received. We found no exceptions.
2. We inspected the Aged Customer Delinquent Report.
  - a. This report listed \$23,739 and \$23,605 of accounts receivable as of December 31, 2020 and 2019, respectively.
  - b. Of the total receivables reported in procedure 2a, \$18,299 and \$15,316 were recorded as more than 90 days delinquent.
3. We inspected the Daily Cash Receipts Journal.
  - a. This report listed a total of \$3,151 and \$2,766 non-cash receipts adjustments for the years ended December 31, 2020 and 2019, respectively.
  - b. We selected five non-cash adjustments from 2020 and five non-cash adjustments from 2019, and noted that the Board of Trustees did not approve the non-cash adjustments.

**Debt**

1. From the prior agreed-upon procedures documentation, we observed the following loans were outstanding as of December 31, 2018. These amounts agreed to the District's January 1, 2019 balances on the summary we used in procedure 3.

<b>Issue</b>	<b>Principal outstanding as of December 31, 2018:</b>
OPWC CR25J	\$452,766
OWDA 6224	207,284
OWDA 6719	1,385,402
OWDA 6937	820,764
OWDA 2987	14,346

2. We inquired of management, and inspected the Business Cash Flow Report and Expense Ledger for evidence of debt issued during 2020 or 2019 or debt payment activity during 2020 or 2019. All debt agreed to the summary we used in procedure 3.
3. We obtained a summary of loans debt activity for 2020 and 2019 and agreed principal and interest payments from the related debt amortization schedules to payments reported in the Expense Ledger. We also compared the date the debt service payments were due to the date the District made the payments. We found no exceptions.
4. We agreed the amount of debt proceeds from the debt documents to amounts recorded per the HINKLE Filing. We found \$157,589 of disbursements that was posted to Operating Revenues Miscellaneous instead of Non-Operating Cash Receipts Other Debt Proceeds during 2020 for OWDA loan #9001. We found \$154,386 of disbursements that was posted to Operating Revenues Miscellaneous instead of Non-Operating Cash Receipts Other Debt Proceeds during 2019 for OWDA loan #8226. We also found these disbursements for 2020 and 2019 were not posted to the District's ledgers, but were posted to the HINKLE filing for 2020 and 2019. We found \$78 of capitalized interest that was not posted to the District's ledgers during 2020 for OWDA loan #9001. We found \$907 of capitalized interest that was not posted to the District's ledgers during 2019 for OWDA loan #8226. We found \$400 and \$560 of loan fees that was not posted to the District's ledgers during 2020 for OWDA loan #9002 and OWDA loan #9001, respectively. The capitalized interest for both years and loan fees for 2020 should have been posted to Non-Operating Cash Receipts Other Debt Proceeds and Non-Operating Cash Disbursements Interest and Fiscal Charges.
5. For new debt issued during 2020 and 2019, we inspected the debt legislation, which stated the District must use the proceeds for waterline extensions. We noted during 2020 there were two on-behalf disbursements and during 2019 there were six on-behalf disbursements to contractors via OWDA for the waterline extension projects.

**Payroll Cash Disbursements**

1. We selected one payroll check for all employees from 2020 and one payroll check for all employees from 2019 from the Check Register and:
  - a. We compared the hours and pay rate, or salary recorded in the Payroll Sheets to supporting documentation (timecard and legislatively-approved rate or salary).
    - i. We inspected the employees' personnel files for the Retirement system, Federal, State & Local income tax withholding authorization.
    - ii. We agreed these items to the information used to compute gross and net pay related to this check.

**Payroll Cash Disbursements (Continued)**

We found no exceptions.

- b. We recomputed gross and net pay and agreed it to the amount recorded in the payroll register. We found no exceptions.
  - c. We inspected the account code to which the check was posted to determine the posting was allowable based on the employees' duties as documented in the minute record. We found no exceptions.
  - d. We confirmed the payment was posted to the proper year. We found no exceptions.
2. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2020 to confirm remittances were timely paid, and if the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period of 2020. We observed the following:

<b>Withholding (plus employer share, where applicable)</b>	<b>Date Due</b>	<b>Date Paid</b>	<b>Amount Due</b>	<b>Amount Paid</b>
Federal income taxes & Medicare (and social security, for employees not enrolled in pension system)	January 31, 2021	January 5, 2021	\$809	\$809
State income taxes	January 15, 2021	January 6, 2021	\$206	\$206
OPERS retirement	January 30, 2021	January 5, 2021	\$2,240	\$2,240

**Non-Payroll Cash Disbursements**

1. From the Expense Ledger, we re-footed checks recorded as Contract Labor disbursements for 2020. We found no exceptions.
2. We selected 10 disbursements from the Expense Ledger for the year ended December 31, 2020 and 10 from the year ended 2019 and determined whether:
  - a. The disbursements were for a proper public purpose. We found no exceptions.
  - b. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the Expense Ledger and to the names and amounts on the supporting invoices. We found no exceptions.
  - c. The fiscal officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code § 5705.41(D). We found no exceptions.

**Compliance – Budgetary**

1. Ohio Rev. Code §§ 5705.28(B)(2) and 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total approved appropriations (Ohio Rev. Code §§ 5705.38 and 5705.40) plus any carryover appropriations for the years ended December 31, 2020 and 2019. Expenditures did not exceed appropriations.

### **Compliance – Budgetary (Continued)**

2. We inspected the Business Cash Flow Report for the years ended December 31, 2020 and 2019 for negative cash fund balance. Ohio Rev. Code § 5705.10 (I) provides that money paid into a fund must be used for the purposes for which such fund is established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another. There were no negative cash fund balances.

### **Sunshine Law Compliance**

1. We obtained and inspected the District's Public Records Policy to determine the policy was in accordance with Ohio Rev. Code §§ 149.43(E)(2) and 149.43(B)(7)(c) and did not limit the number of responses that may be made to a particular person, limit the number of responses during a specified period of time, or establish a fixed period of time before it will respond unless that period is less than eight hours. We found no exceptions.
2. We performed the following:
  - a. We inquired with District management and determined that the District did not have any completed public records requests during the engagement period.
  - b. The District did not have any denied public records requests during the engagement period.
  - c. The District did not have any public records requests with redactions during the engagement period.
3. We inquired with District management and determined that the District did not have a records retention schedule during the engagement period and therefore could not make it readily available to the public as required by Ohio Rev. Code § 149.43(B)(2).
4. We inspected written evidence that the Public Records Policy was provided to the records custodian/manager as required by Ohio Rev. Code § 149.43(E)(2). We found no exceptions.
5. We inspected the District's policy manual and determined the public records policy was included as required by Ohio Rev. Code § 149.43(E)(2). We found no exceptions.
6. We observed that the District's poster describing their Public Records Policy was displayed conspicuously in all branches of the District as required by Ohio Rev. Code § 149.43(E)(2). We found no exceptions.
7. We inquired with District management and determined that the District did not have any applications for record disposal submitted to the Records Commission during the engagement period.
8. We inquired with District management and determined that the District did not have any elected officials subject to the Public Records Training requirements during the engagement period as required by Ohio Rev. Code §§ 149.43(E)(1) and 109.43(B).
9. We inquired with District management and determined the District did notify the general public and news media of when and where meetings during the engagement period were to be held as required by Ohio Rev. Code § 121.22(F).

### Sunshine Law Compliance (Continued)

10. We inspected the minutes of public meetings during the engagement period in accordance with Ohio Rev. Code § 121.22(C) and determined whether they were:
- Prepared – a file is created following the date of the meeting.
  - Filed – placed with similar documents in an organized manner.
  - Maintained - retained, at a minimum, for the engagement period.
  - Open to public inspection – available for public viewing or request.
- We found no exceptions.

11. We inspected the minutes from the engagement period in accordance with Ohio Rev. Code § 121.22(G) and determined the following:
- Executive sessions were only held at regular or special meetings.
  - The purpose for the meetings and going into an executive session (when applicable) correlated with one of the matters listed in Ohio Rev. Code § 121.22(G).
  - Formal governing board actions were adopted in open meetings.
- We found no exceptions.

### Other Compliance

1. Ohio Rev. Code § 117.38 requires these districts to file their financial information in the HINKLE system within 60 days after the close of the fiscal year. This statute also permits the Auditor of State to extend the deadline for filing a financial report and establish terms and conditions for any such extension. Auditor of State established policies, regarding the filing of complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System. We confirmed the District filed their complete financial statements, as defined by AOS Bulletin 2015-007 and Auditor of State established policy within the allotted timeframe for the years ended December 31, 2020 and 2019 in the Hinkle system. There were no exceptions.

We were engaged by the District to perform this agreed-upon procedures engagement and conducted our engagement in accordance with the attestation standards established by the AICPA and the Comptroller General of the United States' *Government Auditing Standards*. We were not engaged to, and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the District's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the District and to meet our ethical responsibilities, in accordance with the ethical requirements established by the Comptroller General of the United States' *Government Auditing Standards* related to our agreed upon procedures engagement.



Keith Faber  
Auditor of State  
Columbus, Ohio

October 4, 2021



# OHIO AUDITOR OF STATE KEITH FABER



**MORGAN-MEIGSVILLE RURAL WATER DISTRICT**

**MORGAN COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



**Certified for Release 10/19/2021**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)